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Farm Service Agency Electronic News Service

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Iowa FSA Newsletter

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USDA Issues Second Tranche of Market Facilitation Program Payments

MFP Enrollment Closes Dec. 6, 2019

USDA announced the second tranche of 2019 Market Facilitation Program (MFP) payments aimed at assisting farmers suffering from damage due to unjustified trade retaliation by foreign nations. Producers of MFP-eligible commodities will now be eligible to receive 25 percent of the total payment expected, in addition to the 50 percent they have already received from the [2019 MFP](#). Second round payments started being issued November 18 for producers who received payments in the first round. Payments will continue through November 28.

Details Regarding Second Tranche of 2019 MFP Payments

MFP signup at local FSA offices will run through Friday, December 6, 2019. Producers who have already applied do not need to apply again to receive the second payment.

Payments will be made by the Farm Service Agency (FSA) under the authority of the Commodity Credit Corporation (CCC) Charter Act to producers of alfalfa hay, barley, canola, corn, crambe, dried beans, dry peas, extra-long staple cotton, flaxseed, lentils, long grain and medium grain rice, millet, mustard seed, oats, peanuts, rapeseed, rye, safflower, sesame seed, small and large chickpeas, sorghum, soybeans, sunflower seed, temperate japonica rice, triticale, upland cotton, and wheat. MFP assistance for these non-specialty crops is based on a single county payment rate multiplied by a farm's total plantings of MFP-eligible crops in aggregate in 2019. Those per-acre payments are not dependent on which of these crops are planted in 2019. A producer's total payment-eligible plantings cannot exceed total 2018 plantings. County payment rates range from

\$15 to \$150 per acre, depending on the impact of unjustified trade retaliation in that county.

Dairy producers who were in business as of June 1, 2019, will receive a per hundredweight payment on Dairy Margin Coverage (DMC) production history, and hog producers will receive a payment based on the number of live hogs owned on a day selected by the producer between April 1 and May 15, 2019.

MFP payments will also be made to producers of almonds, cranberries, cultivated ginseng, fresh grapes, fresh sweet cherries, hazelnuts, macadamia nuts, pecans, pistachios, and walnuts. Each specialty crop will receive a payment based on 2019 acres of fruit or nut bearing plants, or in the case of ginseng, based on harvested acres in 2019.

Acreage of non-specialty crops and cover crops had to be planted by August 1, 2019 to be considered eligible for MFP payments.

Per-acre non-specialty crop county payment rates, specialty crop payment rates, and livestock payment rates are all currently available on [farmers.gov](https://www.farmers.gov).

More Information

This is the second of up to three tranches of MFP payments. The third tranche will be evaluated as market conditions and trade opportunities dictate. If conditions warrant, the third tranche will be made in January 2020.

MFP payments are limited to a combined \$250,000 for non-specialty crops per person or legal entity. MFP payments are also limited to a combined \$250,000 for dairy and hog producers and a combined \$250,000 for specialty crop producers. However, no applicant can receive more than \$500,000. Eligible applicants must also have an average adjusted gross income (AGI) for tax years 2015, 2016, and 2017 of less than \$900,000 unless at least 75 percent of the person's or legal entity's AGI is derived from farming, ranching, or forestry related activities. Applicants must also comply with the provisions of the Highly Erodible Land and Wetland Conservation regulations.

For more information on the MFP, visit www.farmers.gov/mfp or contact your local FSA office, which can be found at www.farmers.gov.

Farm Service Agency Announces Disaster Relief Payments for Loss of On-Farm Stored Commodities in Iowa

The U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) has announced payments are now available to eligible Iowa producers who lost stored commodities due to natural disaster in 2018 and/or 2019. The On-Farm Storage Loss Program (OFSLP) was authorized by the Additional Supplemental Appropriations for Disaster Relief Act of 2019.

Administered by FSA, OFSLP provides payments to eligible producers who suffered uncompensated losses of harvested commodities including grains, oilseeds, and hay stored in on-farm structures. For producers to receive payment, the losses must be directly related to an eligible disaster event such as hurricanes, floods, tornadoes, typhoons, volcanic activity, snowstorms, and wildfires that occurred during 2018 and/or 2019.

To be eligible for OFSLP, the farm storage structure must be located on the farm, not used for commercial storage, and would have, under normal circumstances, maintained the quality of the commodity. Commodities stored in warehouses are not eligible for OFSLP. Programs payments are made for the loss of the stored commodity and not for the loss of the structure itself.

Commodities eligible for OFSL include: barley, canola, chickpeas (large & small), corn, cotton, crambe, dry peas, flaxseed, grain sorghum, hay (alfalfa and all-hay), lentils, mustard seed, oats, peanuts, rapeseed, rice, safflower seed, sesame seed, soybeans, sunflower seed and wheat.

FSA uses a national payment rate per commodity which is based on market or harvest prices. Payments will be calculated using a 75percent factored FSA payment rate multiplied by the quantity lost while stored.

OFSLP has a payment limitation of \$125,000 per entity. Adjusted Gross Income (AGI) does not apply to OFSLP and an acreage report is not required for this program.

For specific commodity payment rates, to submit an application, or for additional program information, contact your local USDA Service Center. To find your local USDA Service Center, visit farmers.gov/service-locator.

Guaranteed Loan Program

FSA guaranteed loans allow lenders to provide agricultural credit to farmers who do not meet the lender's normal underwriting criteria. Farmers and ranchers apply for a guaranteed loan through a lender, and the lender arranges for the guarantee. FSA can guarantee up to 95 percent of the loss of principal and interest on a loan. Guaranteed loans can be used for both farm ownership and operating purposes.

Guaranteed farm ownership loans can be used to purchase farmland, construct or repair buildings, develop farmland to promote soil and water conservation or to refinance debt.

Guaranteed operating loans can be used to purchase livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance and other operating expenses.

FSA can guarantee farm ownership and operating loans up to \$1,776,000. Repayment terms vary depending on the type of loan, collateral and the producer's ability to repay the loan. Operating loans are normally repaid within seven years and farm ownership loans are not to exceed 40 years.

Please contact your lender or local FSA farm loan office for more information on guaranteed loans.

Reporting Solar Panels Constructed on Cropland

Producers who have solar panels constructed on their farms should notify the local Farm Service Agency office. Any area that is no longer considered suitable as cropland (producing annual or perennial crops) should be designated in FSA's records and aerial photography maps. When base acres on a farm are converted to a non-agricultural commercial or industrial use, the total base acres on the farm must be reduced accordingly. Non-cropland areas used for solar panels might impact payments calculated using base acres, such as Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) and Conservation Reserve Program (CRP) annual rental payments.

USDA Opens 2020 Enrollment for Dairy Margin Coverage Program; Ends Dec. 13, 2019

Dairy producers can now enroll in the [Dairy Margin Coverage \(DMC\)](#) for calendar year 2020. USDA's Farm Service Agency (FSA) opened signup for the program that helps producers manage economic risk brought on by milk price and feed cost disparities.

The DMC program offers reasonably priced protection to dairy producers when the difference between the all-milk price and the average feed cost (the margin) falls below a certain dollar amount selected by the producer. The deadline to enroll in DMC for 2020 is Dec. 13, 2019.

Dairy farmers earned more than \$300 million dollars from the program in 2019 so far. Producers are encouraged to take advantage of this very important risk management tool for 2020.

All producers who want 2020 coverage, even those who took advantage of the 25 percent premium discount by locking in the coverage level for five years of margin protection coverage are required to visit the office during this signup period to pay the annual administrative fee.

Dairy producers should definitely consider coverage for 2020 as even the slightest drop in the margin can trigger payments.

More Information

The 2018 Farm Bill created DMC, improving on the previous safety net for dairy producers. DMC is one of many programs that FSA and other USDA agencies are implementing to support America's farmers.

For more information on enrolling in DMC and taking advantage of an online dairy decision tool that assists producers in selecting coverage for 2020, visit the [DMC webpage](#).

For additional questions and assistance, contact your local USDA service center. To locate your local FSA office, visit farmers.gov/service-locator.

FSA Offers Safety Net Programs for Honeybee Producers

The Farm Service Agency (FSA) administers two programs that have specific safety net benefits for producers of honeybees and honey. The Noninsured Crop Disaster Assistance Program (NAP) and the Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) assist producers when disasters impact honey production or damage or destroy colonies, hives or honeybee feed.

NAP is designed to reduce financial losses when natural disasters result in lower yields or crop losses, including honey. NAP coverage is equivalent to catastrophic insurance, meaning it covers up to 50 percent of a producer's normal yield (must have at least a 50 percent loss) at 55 percent of the average market price. The 2018 Farm Bill reinstates higher levels of coverage, from 50 to 65 percent of expected production in 5 percent increments, at 100 percent of the average market price. Producers of organics and crops marketed directly to consumers also may exercise the "buy-up" option to obtain NAP coverage of 100 percent of the average market price at the coverage levels of between 50 and 65 percent of expected production.

The NAP service fee is the lesser of \$325 per crop or \$825 per producer per administrative county, not to exceed a total of \$1,950 for a producer with farming interests in multiple counties. Eligible causes of loss include drought, freeze, hail, excessive moisture, excessive wind, hurricanes, earthquake, flood, and conditions related to damaging weather such as excessive heat, plant disease, volcanic smog or insect infestation.

Producers must apply for NAP coverage by Dec. 1 prior to the year for which they are seeking coverage.

ELAP covers colony losses, hive losses and the loss of purchased feed intended for honeybees. For colony losses, producers must have losses in excess of normal mortality (normal mortality is 22 percent) as a direct result of an eligible adverse weather event or loss condition. For hive losses, the hive must have been damaged or destroyed as a result of an eligible adverse weather event or loss condition. Eligible adverse weather or loss conditions include Colony Collapse Disorder (for colony losses only), earthquake, eligible winter storm (colony loss only), excessive wind, flood, hurricane, lightning, tornado, volcanic eruption and wildfire. For purchased feed, the program covers feed purchased above normal quantities to sustain bees during an eligible adverse weather event or loss condition. Under ELAP the producer must provide documentation that best management practices are being followed.

Both the NAP and ELAP programs require producers to report the number of colonies they have in production to FSA by Jan. 2, 2020. Honeybee producers must notify FSA within 30 calendar days of changes in the total number of colonies or when honeybees are moved to another county.

For ELAP, producers must notify FSA within 30 calendar days of when a loss occurs or from when the loss is apparent. Producers with NAP coverage must file a *Notice of Loss* within 15 days of the occurrence of the disaster or when losses become apparent.

To learn more about programs for honey and honeybee producers, contact your local FSA office.

Reporting Wind Turbines Constructed on Cropland

Producers who have wind turbines constructed on their farms should notify the local Farm Service Agency office. Any area that is no longer considered suitable as cropland (producing annual or perennial crops) should be designated in FSA's records and aerial photography maps. When base acres on a farm are converted to a non-agricultural commercial or industrial use, the total base acres on the farm must be reduced accordingly. Non-cropland areas used for wind turbines might impact payments calculated using base acres, such as Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) and Conservation Reserve Program (CRP) annual rental payments.

Direct Loans

FSA offers direct farm ownership and direct farm operating Loans to producers who want to establish, maintain or strengthen their farm or ranch. FSA loan officers process, approve and service direct loans.

Direct farm operating loans can be used to purchase livestock and feed, farm equipment, fuel, farm chemicals, insurance and other costs including family living expenses. Operating loans can also be used to finance minor improvements or repairs to buildings and to refinance some farm-related debts, excluding real estate.

Direct farm ownership loans can be used to purchase farmland, enlarge an existing farm, construct and repair buildings, and to make farm improvements.

The maximum loan amount for direct farm ownership loans is \$600,000 and the maximum loan amount for direct operating loans is \$400,000 and a down payment is not required. Repayment terms vary depending on the type of loan, collateral and the producer's ability to repay the loan. Operating loans are normally repaid within seven years and farm ownership loans are not to exceed 40 years.

Please contact your local FSA office for more information or to apply for a direct farm ownership or operating loan.

Selected Interest Rates for November 2019	
Farm Storage Facility Loans	
3 years	1.5%
5 years	1.5%
7 years	1.625%
10 years	1.625%
12 years	1.75%
Commodity Loans 1996- Present	2.625%

USDA is an equal opportunity provider, employer and lender. To file a complaint of discrimination, write: USDA, Office of the Assistant Secretary for Civil Rights, Office of Adjudication, 1400 Independence Ave., SW, Washington, DC 20250-9410 or call (866) 632-9992 (Toll-free Customer Service), (800) 877-8339 (Local or Federal relay), (866) 377-8642 (Relay voice users).

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